

FILE

M/049/009

SUNSHINE PRECIOUS
METALS INCORPORATED

A Wholly-Owned Subsidiary of

(E/049/021)

SUNSHINE MINING COMPANY

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MINERALS PROGRAM
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APR 29 1991

DIVISION OF
OIL GAS & MINING

ZUMA PROJECT

April 24, 1991

Wayne Hedberg, Supervisor
Division of Oil, Gas and Mining
355 West North Temple
Salt Lake City, Utah 84180-1203

Dear Mr. Hedberg:

Eureka Operations is currently selling test lots of alumina clay to Ash Grove Cement, West's cement processing plant located near Leamington, Utah. To date, Sunshine has been operating this project under a "Permit To Conduct Exploration" from your Division while test lot shipments have been made. Ash Grove has expressed interest in obtaining a long term commitment from Sunshine for the purchase of our alumina clay which our company is agreeable to.

This additional tonnage and production will require Sunshine to apply to the State of Utah Division of Oil Gas and Mining for a "Notice of Intention to Revise Mining Operations". This revision will enable our operators to mine alumina clays from the Zuma pit. The state requires a bond for estimated reclamation costs for areas disturbed by mining. Sunshine currently has a bond for \$737,000 to cover total reclamation costs for our Eureka Operations. Two bonded areas, the Hunter Shaft and Burgin tailings pond have not had any surface disturbance or require any reclamation. The New Burgin mine, Hunter Shaft, permitted area will not be utilized for a new shaft site under the current feasibility study. We are requesting the bond amount for the previously proposed Hunter shaft area be reassigned to the Zuma clay pit to help satisfy the Division of Oil Gas and Mining bonding requirements.

The Zuma pit is located SE1/4 and SW1/4, Sections 20 & 21, Township 10 south, Range 2 west, SLB&M.

The legal description of the pit area is described as follows: Beginning at a point 480 feet more or less, due north of the SW corner section 21 T.10 S., R.2 W., S.L.M., thence N70 W for 500 feet, thence N 20 E for 350 feet, thence S 70 E for 1000 feet, thence S 20 W for 350 feet, thence N 70 W for 500 feet, to point of beginning.

We are requesting the bond amount assigned to the proposed Hunter Shaft site be reassigned to the Zuma pit area. The Hunter shaft will not be constructed per Sunshine's current feasibility study for the "New Burgin Mine". Current plans call for utilizing the existing Burgin No. 2 shaft to provide access to the orebody and the Hunter shaft and associated site complex will not be constructed so the bond for this area will not be required. The reclamation bond assigned to the proposed Hunter shaft is for \$48,100.

Very truly yours,

Glenn Mellor

Glenn Mellor
Senior Geologist

GM/lrl